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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authority to Increase its Authorized Revenues for Electric Service in 2021, among other things, and to Reflect that Increase in Rates.

Application 19-08-013

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This Scoping Memo and Ruling (Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary pursuant to Public Utilities (Pub. Util.) Code Section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure.¹

1. Procedural Background

On August 30, 2019, Southern California Edison (SCE) filed Application (A.) 19-08-013 for Authority to Increase its Authorized Revenues for Electric Service in 2021, among other things, and to Reflect that Increase in Rates. SCE filed an amended application, and supporting amended testimony, on November 7, 2019. In their amended application, SCE requests an authorized base revenue requirement of \$7.625 billion to become effective January 1, 2021. The request represents a \$1.319 billion, or 20.5 percent, increase in 2021 over currently authorized and requested base rates.

¹ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

Protests to the application were timely filed by The Utility Reform Network (TURN); National Diversity Coalition; and, Public Advocates Office (Cal Advocates). Responses were filed by Pacific Gas & Electric Company; Small Business Utility Advocates; California Choice Energy Authority and Clean Power Alliance California Energy; and Vote Solar and the Solar Energy Industries Association.

A prehearing conference (PHC) was held on October 30, 2019 to determine parties, discuss the scope, schedule, and other procedural matters. During the PHC, motions for Party Status were granted to San Diego Gas & Electric Company and Southern California Gas Company; the Agricultural Energy Consumers Association; Coalition of California Utility Employees; and the Energy Producers and Users Coalition.

2. Scope

2.1. Companion Investigation

In its protest, TURN requests that the Commission either open a companion investigation to SCE's 2021 General Rate Case (GRC) or clarify that the Commission will entertain affirmative proposals from non-utility parties other than SCE. During the October 30, 2019 PHC, TURN further clarified that its primary request is for parties to be able to propose alternative investments or program designs as they relate to the stated objectives within SCE's GRC application. The Commission will not open a companion Order Instituting Investigation to this proceeding. However, the Commission may consider in this proceeding proposals that parties raise, even if these proposals are not offered by SCE in its Application or testimony, so long as the proposals directly relate to the issues and matters considered in this GRC.

2.2. Risk Assessment Mitigation Phase (RAMP)

TURN also argues in its protest that SCE did not address or incorporate recommendations raised by TURN and Cal Advocates in response to SCE's 2018 RAMP Report, as required by Decision (D.) 14-12-025. During the PHC, SCE stated that, due to timing constraints, it focused on recommendations made by the Commission's Safety and Enforcement Division (SED). Further, while it does not believe D.14-12-025 requires utilities to respond to every RAMP-related comment in its GRC filing, SCE stated it would address TURN and Cal Advocates' RAMP-related recommendations as part of SCE's rebuttal testimony, if directed. While I am sympathetic to the limited time SCE had to incorporate responses into its GRC filing, it is clear from D.14-12-025 that a utility's GRC filing must "provide information on how it addressed or incorporated the concerns expressed in the RAMP application by SED, *and by other parties.*"² Further, it would be an inefficient use of time and resources to provide a forum for parties to submit RAMP-related recommendations without the requirement to address them, regardless of whether or not those recommendations were ultimately incorporated. Since party comments on SCE's 2018 RAMP report should have been addressed as part of SCE's GRC application, I direct SCE to file supplemental testimony by April 3, 2020 addressing TURN and Cal Advocates' RAMP-related recommendations.

2.3. Customer Deposits

Finally, TURN argues in its protest that SCE's proposed treatment of customer deposits be excluded from scope of this proceeding on the basis that each utility has historically been treated differently with respect to customer

² D.14-12-025 at 40.

deposits, and as such the recent decision for the Sempra utilities in A.17-10-007 et. al., does not warrant re-litigating this issue here. Whether the utilities have historically received different treatment regarding customer deposits does not mean that consistency cannot, or should not, occur. I will include this issue in scope; however, SCE has the burden of proof in this case, and to the extent that SCE asks the Commission to deviate from previous decisions it must make a compelling case to do so based on changes in fact, law, or another relevant consideration.

2.4. Independent Audit of Wildfire Mitigation Memorandum Accounts

At the PHC, TURN and SCE advocated hiring an independent auditor to evaluate whether costs recorded in the various wildfire mitigation memorandum accounts are accurate and incremental. Considering the timeframe by which an auditor would need to be procured, TURN and SCE agreed that it would be appropriate for SCE to procure the independent auditor, and that the audit would be funded through customer rates. No party disagreed with this proposal. Given the number of different wildfire mitigation memorandum accounts and magnitude of wildfire-related costs being considered in this application, as well as the implementation of SCE's share of the equity rate base exclusion under Assembly Bill (AB) 1054, it is important both from a ratepayer impact perspective and a statutory compliance perspective that each account has recorded appropriate costs, and that there is no duplication of costs. Therefore, SCE is authorized to hire an independent auditor to review its wildfire mitigation memorandum accounts for these purposes. SCE shall invite Energy Division Staff and any interested party to participate in the process for selecting an independent auditor. The costs of this audit must be included in SCE's

Testimony on 2020 wildfire mitigation memorandum accounts for reasonableness review, prior to being recovered in customer rates. Further, I direct SCE to host workshops covering the results of the 2019 and 2020 audits shortly after the audits are published, and have included these workshops in the proceeding schedule.

2.5. Issues

Based on the application, protests and responses, the joint case management statements, and discussion at the PHC, the following issues are within the scope of this proceeding:

1. Whether the proposed revenue requirements and recovery mechanisms for Test Year 2021 are just and reasonable, and whether they should be adopted by the Commission;
2. Whether the proposed post-test year ratemaking mechanisms for 2022 and 2023 are just and reasonable, and whether they should be adopted by the Commission;
3. Whether SCE's various regulatory account proposals are just and reasonable, and whether they are consistent with legislative and Commission requirements. This includes:
 - a. Wildfire mitigation costs in the Wildfire Mitigation Plan Memorandum Account, Fire Hazard Prevention Memorandum Account, Grid and Safety and Resiliency Program Memorandum Account, and Fire Risk Mitigation Memorandum Account;
 - b. Non-wildfire-related costs in the Integrated Distributed Energy Resources Memorandum Account, Distribution Deferral Administration Costs Memorandum Account, and Emergency Consumer Protections Memorandum Account;
 - c. Whether to approve as reasonable the establishment of the two-way Wildfire Risk Mitigation Balancing Account, Vegetation Management Balancing Account, and Risk Management Balancing Account, and upon such approval eliminate SCE's existing Fire Mitigation

Memorandum Accounts once pre-2021 balances have been recovered from customers. Similarly, whether to approve as reasonable the establishment of the Distributed Resources Plan Write-Off Costs Memorandum Account and Z-Factor Memorandum Account; and

- d. Whether to modify the California Alternate Rates for Energy Balancing Account, as well as eliminate the Aliso Canyon Energy Storage Balancing Account.³
4. In addition to the broad issues above, the following sub-issues are included in scope:
 - a. The impact of the proposed rate increase on affordability and disconnections for non-payment;
 - b. Whether SCE's 2018 RAMP report risks have been adequately integrated into the GRC application, and whether mitigation programs and projects that address safety risks are reasonably balanced with costs associated with such programs and projects;
 - c. Whether the forecasted wildfire mitigation-related costs, inclusive of forecasted capital, operation, and maintenance expenses, are just and reasonable, and whether they are consistent with AB 1054;
 - d. Whether changes are warranted to the ratemaking treatment of customer deposits, as well as short-term incentive pay, adopted by the Commission in D.19-05-020;
 - e. The transparency of SCE's processes for removing costs due to imprudence;
 - f. Whether the proposed Community Choice Aggregation Service Fees are just and reasonable; and

³ In its application, SCE also proposes to include certain modifications to its Greenhouse Gas Revenue Balancing Account, Tree Mortality Non-Bypassable Charge Balancing Account, and Energy Resource Recovery Account (ERRA). These proposed modifications are better addressed through SCE's ERRA forecast and compliance applications.

- g. Whether to approve as reasonable the joint proposal by SCE and the Center for Accessible Technology for funding to support and enhance the accessibility of SCE's facilities, programs, communications and services for customers with disabilities.

3. Category of Proceeding and *Ex Parte* Restrictions

The Commission in Resolution ALJ-176-3446, issued on September 26, 2019, preliminarily determined the category of this proceeding as ratesetting. This Scoping Memo confirms the categorization. In a ratesetting proceeding such as this one, *ex parte* communications with Commissioners, their advisors, and the Administrative Law Judges (ALJ) are restricted, and must be reported pursuant to Article 8 of the Rules.

4. Need for Evidentiary Hearing

All the issues that have been identified include contested material issues of fact. Accordingly, evidentiary hearings are needed. For Track 1, evidentiary hearings are scheduled by this Ruling beginning July 6, 2020, at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, 94102, and shall continue each weekday thereafter through July 24, 2020 as needed.

For Track 2, evidentiary hearings are scheduled by this Ruling beginning September 21, 2020, at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, 94102, and shall continue through September 23, 2020 as needed.

For Track 3, evidentiary hearings are scheduled by this Ruling beginning September 1, 2021, at the Commission's Hearing Room, 505 Van Ness Avenue, San Francisco, 94102 and shall continue through September 3, 2021 as needed.

I have considered SCE's request to hold some of the evidentiary hearings in Southern California, as well as the potential challenges and intervenor costs associated with this request, as identified by TURN in its protest. At this time all

evidentiary hearings are scheduled for the Commission's Hearing Room in San Francisco.

5. Schedule

Based upon the October 28, 2019 and November 8, 2019 Joint Case Management Statements, as well as discussion during the October 30, 2019 PHC, the adopted schedule is divided into three tracks: Track 1 addresses SCE's forecast revenue request for 2021-2023; Tracks 2 and 3 consider recorded 2019 and 2020 costs in SCE's wildfire mitigation memorandum accounts, respectively. The schedule below presents these issues separately.

5.1. Track 1: 2021-2023 Revenue Request

Track 1 considers the bulk of SCE's GRC application, including SCE's forecast revenue request for 2021-2023, its proposal to establish, modify, or eliminate various ratemaking balancing and memorandum accounts, as well as various other requests. The schedule below generally follows the consensus-based schedule included in the October 28, 2019 Joint Case Management Statement and SCE's Amended Application, filed on November 7, 2019.

The schedule also incorporates SCE's request to serve supplemental testimony (if needed) for Wildfire/Infrastructure Replacement Re-Prioritization Proposals and Post Test Year Ratemaking Update. While it is reasonable to allow some updates to SCE's forecast for wildfire mitigation costs, this is not an opportunity for SCE to make significant changes to its forecast, which would otherwise undermine the time and resources parties incurred litigating SCE's forecast of wildfire management and infrastructure replacement costs.

Finally, pursuant to Rule 13.13, requests for oral argument must be made by motion no later than the time for filing opening briefs.

Event	Date
SCE Supplemental Testimony Addressing RAMP-Related Recommendations	4/3/2020
Cal Advocates Direct Testimony	4/10/2020
Intervenor Direct Testimony	5/5/2020
Public Participation Hearings	March - April 2020
SCE Potential Testimony for Wildfire/Infrastructure Replacement Re-Prioritization Proposals and Post Test Year Ratemaking Update (If Necessary)	6/2/2020
Concurrent Rebuttal Testimony	6/12/2020
Evidentiary Hearings	7/6-24/2020 Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Update Testimony ⁽¹⁾	7/24/2020
Hearings on Update Testimony	8/5/2020
Opening Briefs/Request for Oral Argument	9/11/2020
Reply Briefs	10/2/2020
Track 1 Proposed Decision	Q4 2020/Q1 2021

(1) Standard update testimony regarding changes in law/postage/etc. and 2019 recorded + 2020 forecast cost review for non-wildfire-related Memorandum Accounts

5.2. Track 2 and Track 3: Recorded Wildfire Mitigation Memorandum Accounts

Track 2 includes review of 2019 recorded costs in the Wildfire Mitigation Plan Memorandum Account (MA), 2019 recorded costs in the Fire Risk Mitigation MA, and 2018-2019 recorded costs in the Fire Hazard Prevention MA. The schedule generally follows Option 2 provided in the November 8, 2019 Joint Case Management Statement.

Track 3 includes review of any 2018-2020 recorded costs in the Grid Safety and Resiliency Program MA above the settlement amount being considered in A.18-09-002, recorded 2020 costs in Wildfire Mitigation Plan

MA, recorded 2020 costs in the Fire Risk Mitigation MA, and recorded 2020 costs in the Fire Hazard Prevention MA. As discussed above, SCE's Testimony in Track 3 should also include the costs to hire an independent auditor for reasonableness review.

	Event	Date
Track 2	Independent Auditor Retention	1/31/2020
	SCE Testimony on 2019 Wildfire Mitigation MAs	2/20/2020
	Incrementality Audit Served	4/1/2020
	Workshop on Results of Incrementality Audit	TBD
	Intervenor Direct Testimony	8/14/2020
	SCE Rebuttal Testimony	9/7/2020
	Evidentiary Hearings	9/21-23/2020 Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
	Opening Briefs	10/22/2020
	Reply Briefs	11/13/2020
	Track 2 Proposed Decision	Q1 2021
Track 3	Independent Auditor Retention	1/31/2021
	SCE Testimony on 2020 Wildfire Mitigation MAs	3/2/2021
	Incrementality Audit Served	4/1/2021
	Workshop on Results of Incrementality Audit	TBD
	Intervenor Direct Testimony	7/2/2021
	SCE Rebuttal Testimony	8/2/2021
	Evidentiary Hearings	9/1-3/2021 Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
	Opening Briefs	10/4/2021
	Reply Briefs	11/5/2021
	Track 3 Proposed Decision	Q1 2022

5.3. Submission

The proceeding will be submitted upon the filing of reply briefs in Track 3, unless the assigned Commissioner or ALJs direct further evidence or argument. The assigned Commissioner or assigned ALJs may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

It is the Commission's intent to complete this proceeding within 29 months from the date this Scoping Memo is filed. While the bulk of SCE's GRC application is expected to be resolved within 18 months, pursuant to Senate Bill 901, the costs for implementing each utility's Wildfire Mitigation Plan must also be considered in a GRC application.⁴ Because a reasonableness review of SCE's wildfire-related mitigation costs cannot occur until those costs have actually been realized, it is necessary and efficient to extend this proceeding to accommodate review of SCE's recorded 2019 and 2020 wildfire-related costs.

If there are any workshops in this proceeding, notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

6. Alternative Dispute Program

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJs can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁵

⁴ Publ. Util. Code § 8386(g)

⁵ https://www.cpuc.ca.gov/alternative_dispute_resolution/

Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

7. Public Participation Hearings

The Commission will conduct a number of Public Participation Hearings (PPHs) throughout SCE's service territory to hear comments from the public on this Application. At this time, it is anticipated PPHs will occur in March and April of 2020. The ALJs will issue a Ruling providing further detail regarding the times, dates, and locations of these PPHs.

8. Public Outreach

Pursuant to Pub. Util. Code Section 1711.(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website. The Public Advisor's Office will also conduct outreach efforts to promote the PPHs once they are scheduled and direct outreach will occur during the PPHs.

9. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by November 29, 2019, 30 days after the prehearing conference.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. See Public Utilities Code § 1701.1(g). Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the docket card for the proceeding.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list, other than the administrative law judge (ALJ).

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

13. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Eric Wildgrube and Ehren Seybert are the assigned ALJs and Presiding Officers for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is set forth above.
3. Evidentiary hearings are needed.

4. The Presiding Officers are Administrative Law Judge Eric Wildgrube and Administrative Law Judge Ehren Seybert.

5. The category of the proceeding is Ratesetting.

This order is effective today.

Dated November 25, 2019, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner